

2. Equity in fixed and other assets is determined by subtracting related debts from the net book value of assets (net book value is the historical cost of an asset less accumulated depreciation or amortization). Effective October 1, 1984, the asset value of an acquired asset from a change of ownership entered into on or after July 18, 1984, shall not exceed the lower of the purchase price to the new owner or the allowable acquisition cost base of the asset to the first owner of record on or after July 18, 1984. The debt value related to the acquired assets shall be the actual debt related to the acquired assets times the ratio obtained by dividing the allowable acquisition cost base of the new owner by the purchase price of the assets to the new owner.
3. Net equity is multiplied by the prior calendar years December 31 Medicare rate of return and divided by the providers total annualized resident days for the reporting period. A providers return on equity rate is the lesser of this amount or two dollars per resident day.

G. New Providers

A new provider's rate is based upon the new provider's projected costs, costs and payment rates of the previous provider, and/or rates of other providers in comparable circumstances, taking into account applicable lids or maximums. This data will be used to establish rates until a cost report is submitted which covers at least six months of operation.

H. Rate Adjustment

A provider may request, and the department may grant, a rate adjustment under the following circumstances: changes in staffing or consultant services in order to be in compliance with applicable state and federal laws or regulation; capital additions, improvements or replacements made as a condition of licensure or certification; department changes in program standards or services; or administrative review disposition.

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I. Final Payment Rates

1. A provider's final payment rate for the resident care and habilitation cost center is established retrospectively and is based on the lower of their prospective rate or their allowable costs. A provider's final payment rate for the administration, operations and property cost center, and return on equity payment is their prospective rate.
2. For the final determination of allowable costs where an ownership change was entered into on or after July 18, 1984, any depreciation which was claimed by a provider will be adjusted so that the owner's historic cost shall take into account actual salvage value (i.e., sales price). Where the depreciation claimed exceeds the actual depreciation based on the adjusted historic cost, the provider shall repay the excess.

III. RHC PAYMENT RATES

A. Interim Rates

1. The payment rate for each RHC is computed on a per resident day basis. The rate is a single cost center rate.
2. An RHC's interim rate is based on their most recent desk-reviewed costs per total resident days. These costs are adjusted as follows:
 - a. Staff costs are adjusted to incorporate legislatively mandated increases in employee related costs.
 - b. Legislative appropriations for changes necessary to be in compliance with applicable state and federal laws or regulations, as a condition of certification, or for changes in program standards or services.

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3. An RHC's interim rate will be adjusted for federal, state or department changes in programs, services or costs.

B. Final Payment Rates

A RHC's final payment rate is established retrospectively and is their allowable costs.

IV. PROVIDER APPEALS

- A. A provider may at any time request a revision of their rate. The department will inform the provider of the disposition of the request within sixty days.
- B. Within 30 days after notification of a rate action or disposition, a provider may request an administrative review conference for the purpose of presenting additional evidence or argument. The conference must be scheduled within ninety days after the request is received from the provider, unless a later date is mutually agreed upon in writing.
- C. Within twenty-eight days after notification of an administrative review conference adverse decision, a provider may request a fair hearing.

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